

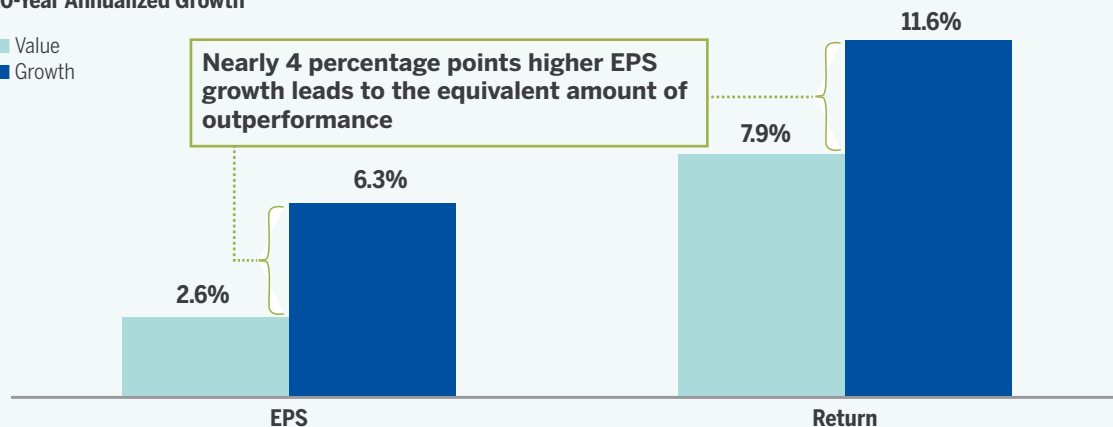
# The Weighing Machine in Action

“In the short run, the market is a voting machine but in the long run, it is a weighing machine,” said Benjamin Graham, Warren Buffett’s mentor. Stock prices move on sentiment in the short term but on “weight” or earnings in the long term. The decade-long outperformance of U.S. growth vs. U.S. value illustrates the “weighing machine” in action.<sup>1</sup>

## Growth Has “Weighed” More than Value

### 10-Year Annualized Growth

■ Value  
■ Growth



Source: FactSet for Russell 1000 Value Index and Russell 1000 Growth Index performance and EPS during 10 years ended February 28, 2018.

- The annual EPS growth of the Russell 1000 Growth Index (6.3%) has exceeded that of the Russell 1000 Value Index (2.6%) over the past decade.
- Those nearly four percentage points of outperformance are mirrored by the 11.6% return of the Russell 1000 Growth Index beating the 7.9% return of the Russell 1000 Value Index over these same 10 years ended February 28, 2018. Stock prices may have fluctuated in the short term due to investor reactions to news and corporate announcements, but long-term performance resembles earnings growth.
- The underlying fundamentals of U.S. growth companies continue to be strong, as evidenced by the estimated sales growth of the Russell 1000 Growth Index (8%) nearly doubling that of the Russell 1000 Value Index (4%) over the next two years.<sup>2</sup> This may bode well for the longer term performance of growth equities.

<sup>1</sup> As demonstrated by the Russell 1000 Growth Index and the Russell 1000 Value Index.

<sup>2</sup> Sales growth represents consensus estimates from FactSet and actual future sales growth rates might be materially different from the forecasts referenced.

The views expressed are the views of Fred Alger Management, Inc. ("FAM") and Alger Management, Ltd. ("AML") as of April 2018. These views are subject to change at any time and they do not guarantee the future performance of the markets, any security or any funds managed by Fred Alger Management, Inc. These views are not meant to provide investment advice and should not be considered a recommendation to purchase or sell securities. FAM serves as sub-advisor to AML.

Funds authorized by the Swiss Financial Market Supervisory Authority FINMA for distributing their shares publicly in Switzerland: for interested parties, fund regulations or the articles of incorporation, the key investor information document (KIID) and the full prospectus, in their current versions, as well as the annual and semi-annual reports are provided free of charge at the representative in Switzerland. ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich. Paying agent in Switzerland is Neue Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zürich.

Alger Management, Ltd. (company house number 8634056, domiciled at 78 Brook Street, London W1K 5EF, UK) is authorised and regulated by the Financial Conduct Authority, for the distribution of regulated financial products and services. La Française AM International has a signed agreement with Alger Management Ltd., whereby La Française AM International is authorized to distribute Fred Alger Management, Inc. products in Europe.